CHINA WEEKLY

REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

On the Peking US

CONSULATE DISPUTE

CHINA'S VICTORY BOND DRIVE

C. Y. W. MENG

EAST CHINA AGRICULTURAL SHOW IN SHANGHAI

"OLD MRS. LEI" . . . a short story by KAO LANG TING

JANUARY 28, 1950

JMP 3,000

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

CHINA'S NORTHEAST

To The Editor:

The Review has certainly filled an urgent need and performed a valuable service by publishing "China's Northeast" in the January 7 issue. It answered my questions and there are surely many others like me who wanted just this article.

B. C.

Tientsin
January 10, 1950

CLEAR AND SIMPLE

To The Editor:

I have just sent a copy of the last Review to my brother in America because I thought the article on "China's Northeast" was one of the best things I ever read. It was so clear and simple and convincing. So keep up your marvelous work. You're doing lots of good!

G. D. L.

Tientsin
January 10, 1950

JAPANESE SURVEY

To The Editor:

After reading your article "China's Northeast" I was reminded of the following story:

During the time that the Japanese occupied Manchuria they carried out extensive geological surveys of all the important minerals in the Northeast, and a secret surveying report, it is rumored, was completed. This valuable document was later discovered by Tu Yu-ming, a follower of Chiang Kai-shek's, who sent a telegram to his superior reporting the details and asking about its disposal. However, the reply, if it can be imagined, had no particular purpose, and the report finally fell again into Japanese hands.

If this story is true, it fully indicates how neglectful the Kuomintang ruling clique was.

WONG SZE-LIANG

Shanghai
January 14, 1950

WOMEN'S CONFERENCE

To The Editor:

I was very fortunate to be given an opportunity to be one of the staff workers at the Asian Women's Conference. The work was very interesting. It was not so much that of an interpreter as taking charge of the daily life of certain delegates.

Sometimes I was merely a messenger, giving the delegates information or letting the preparatory committee of the conference know what the delegates wanted; sometimes I was a guide or companion to them, shopping with them, explaining something to them or solving some language problem.

I was assigned to four delegates, one from Indonesia, two from Holland, and a man from Burma who had been a delegate to the Trade Union Conference held in Peking just before the Women's Conference. I think all my fellow workers also did their best to take care of the delegates. Mrs. Robeson, a fraternal delegate from the US, said she had been quite spoiled.

Among the Chinese delegates, there were two who impressed me greatly. One was Chen Yen (陳炎), a 22-year-old radio operator from the Third Field Army, whom I accompanied to Peking. Before we left Nanking, I had been told that she had been elected a People's Heroine and had once taken charge of two wounded soldiers during a retreat. On the train her conduct proved that she was a real heroine of the people. She was almost entirely selfless; serving people seemed to be her main concern. She took care of an old lady, she let a man have her seat, she did her best to help people.

The other Chinese delegate I wish to mention is Kuo Chiao-ying (郭巧英), a woman worker from a textile factory in Wuchang, who was a guest delegate to the conference. The first time I saw her, in the home of a friend, she was sitting there writing something carefully with a pencil. She was about 40 years old, dark, strong and had a pair of little bound feet. She was writing some Chinese characters she had just learned, and the way she held her pencil was so awkward that she seemed to be drawing. She was the model of a woman worker newly liberated; she felt such real emancipation that she could not help telling everybody of her ecstasy of joy.

Before the liberation she knew nothing about communism, but had suffered from the oppression of feudalism and bureaucratic capitalism. As a woman worker, she had to support her parents-in-law and her idle husband. At home she was no doubt a slave to the whole family; in the factory, she had to work like a machine; during a strike she was beaten by the police of the Kuomintang government; and at the time of the Japanese occupation she was oppressed by the imperialists.

After Wuhan was liberated last May she hesitated about everything at first. She was afraid to go to the grievance meeting. She thought it would be dangerous to be taught by the Communists. But after one and a half months of learning, she came to realize the meaning of liberation, and she could hardly believe that she was really free from all oppression. Now she can make speeches about how the revolution must be led by the proletariat. She was so skillful that I could hardly believe that she was merely a woman worker who knew just 50-odd Chinese characters. She studied diligently and wanted to learn from two to five new characters each day.

As to the four delegates I was responsible for, there was a delegate from Indonesia, a charming beautiful young lady. Her husband, to whom she had been married for just two years, recently had been killed by the Hatta government, and her father was in the hands of the Dutch. She made me think that there must be numerous other such wives and daughters in Indonesia struggling for national independence.

Hanna Averink and R. Lips Odinot were from Holland. Hanna was a tall, strong, good-looking woman of about 30. She wanted to surprise the Indonesian delegate by presenting her with a banner at the conference, and we conferred secretly as to how this should be done. R. Lips Odinot was a kind person who was a resolute fighter for peace and who had once been put in a concentration camp during the war.

Hok Tsel, a delegate from South Korea, was only 18 years old, yet she was the commander of a guerilla detachment in her country. Her father and brother had been killed, but she was not disheartened and fought on more heroically against the enemy.

Besides the people mentioned above, those who made a deep impression on me were Ramelson from Great Britain, Buchaca from Cuba, Ho Thi Minh from Vietnam, Mahine Farokhi from Iran, Amita Devi from India, Ubaidhllayva from the Soviet Republic of Uzbec, and Jeanette Vermeersch from France.

From the people I met I realized the distinction between the proletariat and the bourgeoisie. The latter find it more difficult to improve themselves and to wipe out their defects. Their words and ideas are aloof from their deeds. The proletariat, on the other hand, cannot easily understand abstract ideas but they will act and never change their minds when they have accepted the revolutionary ideas. In pursuing this thread, I found also how economic conditions determine one's class and ideology. From this point of view, I could

(Continued on Page 146)

THE CHINA WEEKLY REVIEW

J. B. Powell
(Editor & Publisher, 1918-1947)

John W. Powell, *Editor & Publisher*

Editors

Mary Barrett
Rose Yardumian
Alun Falconer

Contributing Editors

William Berges — Lin Wo-chiang
Tong Chun-cho — Ngiam Tong Fatt
Chen Fu-sheng — Hugh Deane
Mark M. Lu — Duncan C. Lee
Galahad Wood — T. P. King
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Index January 28, 1950

Editorials

US Consulate Dispute 134

Special Articles

Victory Bond Campaign 136
Agricultural Show 141
Program For Sinkiang 142

Features

"Old Mrs. Lei" 139

Departments

Letters From The People 133
25 Years Ago 135
News Of The Week 143
Chinese Press Opinion 144
Chinese Papers Say 145
Week's Business 146
English Lesson .....Back Cover

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US CONSULATE DISPUTE

RELATIONS between China and America reached a new low last week with the announcement in Washington of the recall of all American consular and diplomatic personnel from People's China. The State Department said that it had made this move because of the "seizure" of American consular property in Peking by the People's government.

Like a number of previous disputes between US consular and diplomatic officials and the new Chinese authorities, this "incident" has apparently been seized upon in America as "another example" of the intransigence of Chinese officialdom. Charges have become so numerous and comment so vitriolic that it is difficult to wade through the verbiage in an effort to find out what the facts of the matter may be.

According to commentaries and reports broadcast by the "Voice of America," which can be considered as an official spokesman of the State Department, the new Chinese authorities have once again demonstrated their lack of respect for normal international practice, for treaty obligations. Upon occasion the "Voice" has referred to the incident as the seizure of American consular property in China, failing to mention that the property involved was located in one city—Peking—and that consular establishments in other cities were not affected. Nor does such a description point out that the dispute arose over one particular piece of property in Peking, while three other pieces of property occupied by US officials in that city were not involved. Nor does it make it clear that the Chinese authorities have made their claim only against the land, acknowledging the buildings erected on the land as the property of the US government.

Since the dispute centers around a piece of real estate, one is naturally led to wonder about the title deed to the property. To date the State Department has contented itself with charges that its property has been illegally occupied. It has not given any explanation of just exactly how it originally acquired the property. So far as we have been able to determine, the State Department, on the few occasions when it has provided any details, has used the word "acquired," while the more familiar word, "purchased," has not been used. The Chinese authorities, likewise, have used one particular word when referring to the method employed by the United States in obtaining possession of the land. This word is "seized."

Herein, we would guess, lies the answer to the whole matter.

* * *

A SEARCH of records available locally does not shed overmuch light on the matter. The Final Protocol for the Settlement of the Disturbances of 1900, according to MacMurray's "Treaties and Agreements with and Concerning China," does not provide a really decisive answer. However, Article VII of the treaty states:

"The Chinese Government has agreed that the Quarter occupied by the Legations shall be considered as one specially reserved for their use and placed under their exclusive control, in which Chinese shall not have the right to reside and which may be made defensible."

Annexes, notes and other explanations are devoted to defining the boundaries of this Quarter, the setting up of a clear field of fire surrounding the area, the regulating of streets, sidewalks, and so forth.

The more recent Treaty Between the United States of America and the Republic of China for the Relinquishment of Extraterritorial Rights in China and the Regulation of Related Matters, signed in 1943, also touches upon the Legation Quarter property. The last paragraph of Article II states:

"The Government of the Republic of China hereby accords to the Government of the United States of America a continued right to use for official purposes the land which has been allocated to the Government of the United States of America in the Diplomatic Quarter in Peking, on parts of which are located buildings belonging to the Government of the United States of America."

Since the State Department has claimed that its property rights in Peking were "reaffirmed" in this treaty of 1943, we may assume that the above quoted paragraph is what it is referring to since it seems to be the only such mention of land in the treaty.

A few words in this paragraph are worth noting. In essence the Chinese (Nationalist) government "accorded," or recognized the American government's "continued right to use" some land in the Diplomatic Quarter which is not described or defined except to be referred to as "land which has been allocated' to the US. Finally, the paragraph says that on this land are "located buildings belonging to the Government of the United States of America."

Our off-hand interpretation of this paragraph would be that it definitely does not imply American **ownership** of this land, but only reaffirms the Kuomintang government's willingness for the American government to continue to use some land previously **allocated** (presumably by the Chinese) to the United States. This opinion would seem strengthened by the distinction made in the last sentence of the paragraph where it says that

on this land are some buildings which "belong" to the United States.

Thus, it seems, both the old Kuomintang regime and the new Peking government have rather similar ideas about the status of this property. Both recognize that the buildings are owned by the US government, but neither says that the US owns the land. The difference in the positions would appear to be that while the KMT was willing to allow the US to have continued use of the land, the new authorities say that they require the land for their own needs and therefore are unwilling to allow the US to make continued use of it.

As a professional lawyer in private life, Mr. Acheson should understand just how important a well prepared case is, no matter whether it is being presented to a court or to public opinion. So far his organization has not made out a very thorough or detailed brief. This is particularly surprising since all the relevant documents presumably must be on file in the State Department archives. After all, a piece of real estate is a very solid object, and not an abstract principal or theory, and in a country such as China where land records go back a long way, it should be a relatively easy matter to unearth whatever deeds, bills of sale or other documents which the United States may have to support its claim.

* * *

IN any event it seems to us that Mr. Acheson's action in ordering the recall of all American diplomatic and consular representatives in China is an extremely severe step and one hardly justified by an argument over a piece of property scarcely totaling half a dozen acres. Recalling of diplomats is a measure usually associated in international circles with border incidents, mobilizations and the like. Certainly relations between the United States and China, strained though they may be, are not in such a sorry state as this drastic action would seem to indicate.

Aside from adding to the already numerous disadvantages facing US businessmen and other American residents in China, the main result of the recall of US consular officials will be increasing isolation of the United States in world affairs.

—Riverside Dwellings by I Chung

25 Years Ago In *The China Weekly Review*

Plant Improvement

January 24, 1925

Of all the problems, social, political and economical, that confront China today, none is as important and urgent as that of her agriculture. It is believed that two-thirds of China's population live on the land and obtain their living directly from the land. Hence the primary significance in our problem is the necessity of using every acre of available land for food production. Nowhere else, I think, in the world does the population press so hard upon the soil for sheer subsistence, nowhere is the margin between life and death by starvation so narrow.

. . . Of all the sciences that contribute to the great task of efficient scientific farming toward the goal of high production and quality, none is more important economically than plant breeding. . . . According to the 11th year statistical report of the Ministry of Agriculture and Commerce, an acreage of 632,206 mows of crops has been destroyed by diseases in 1918. In the same year, there was an acreage of 19,140,071 mows of crops killed by drought. I attribute the principal causes of the decrease in production to the poorly selected seeds which are inferior in variety strains and in disease and drought resistance, though the decrease may be due to some aspects of inefficient cultural method. These troubles can be easily overcome by the science of plant breeding.

From: "Possibilities in Plant Improvement in North China" by Chunjen C. Chen

Relations With Ireland

To maintain closer business relations with the Far East is the reason for the move made by the Irish State, when an announcement was made recently that William Craig-Martin, head of the William Craig-Martin Insurance Company, has been made trade-in-general representative. Mr. Craig-Martin is the only representative in China. The Irish Free State has representatives in New York, Chicago, London, Paris and a few other cities.

10 Years Ago In *The China Weekly Review*

500 Die Of Cold In Shanghai

January 27, 1940

Testifying once again to the extreme hardship which thousands of Chinese undergo in Shanghai due to poverty, 500 corpses, most of them bodies of infants and children under 10, were picked up over last week-end in streets of the International Settlement and French Concession as sub-zero weather gripped the city. Snow began falling last Saturday morning, continued through Sunday morning, with light flurries the following day.

Chungking Edict

A stir has been caused in local Chinese commercial and industrial circles by a report that the Chungking Government has prohibited the importation of all kinds of machine-made native goods from Shanghai to Chinese-controlled territory. The Chinese Chamber of Commerce has made representations to Chungking on the subject, pointing out that native goods manufacturers have made a great contribution to the national cause by keeping the people of the rear adequately supplied with native goods. All raw materials used are carefully scrutinized and purchased according to Government regulations, while they are also examined by the Chinese Chamber of Commerce. Hence, it is argued, the finished products can be clearly distinguished from "enemy goods."

China's Victory Bond Drive

By absorbing part of its budget deficit through the sale of bonds, China hopes to develop its productive capacity and achieve greater stability in currency and commodity prices.

THIS month saw the sale of the first People's Victory Bonds get underway in China. Campaigns are on in all the major cities and millions of units already have been purchased by thousands of citizens ready and willing to underwrite their new government. This fact is all the more remarkable in view of the sad experience Chinese government holders have had in the past, when the rocketing inflation of China's currency under the KMT reduced the value of bonds to utter worthlessness.

However, there are many differences between past bond issues and the present one. The logic behind the floating of the new bonds has been stated with great precision by government officials.

Vice-premier Chen Yun, in announcing the bond issue, explained it this way: "The bonds are to make good a portion of the budgetary deficit. In the present circumstances of economic hardship throughout the country, the bonds also represent a form of burden on the people. But such a burden is better than the sufferings which the people would have to undergo through a larger currency issue and currency depreciation. For the burden borne by the subscription to the bonds, which will be redeemed, is only temporary and if, through the lowering of the budgetary deficit thus attained, the situation relating to currency and commodity values will be improved in the subsequent year, then the whole nation will be benefited."

Budget for 1950

The decision to issue the bonds was made at a meeting of the Central People's Government Council on December 2 which approved the state budget for the year 1950.

The budget shows a deficit of 18.7 percent. Of this deficit, 38.4 percent is to be absorbed by the floating of bonds, and the remaining 61.6 percent by currency issue.

The budget breaks down this way: Of expenditures, military expenses, constituting 38.8 percent, come first; then capital investment in state enterprises, 23.9 percent; administrative expenses, 21.4 percent; cultural, educational and health, 4.1 percent; subsidies for local governments, 2.3 percent; repayment of both capital and interest on Northeast bonds, 0.1 percent; general reserves, 9.4 percent.

Receipts consist of income from public foodstuffs, 41.4 percent; taxes and levies, 38.9 percent; state enterprises, 17.1 percent; liquidated godowns, 2.4 percent; miscellaneous, 0.2 percent.

Total receipts thus amount to 81.3 percent of total outlay.

The deficit, according to Chen Yun, is occasioned by the fact that prosecution of the war, the tremendous increase in the amount of territory liberated during 1949 and the further areas that will be the responsibility of the government when the whole of China is liberated in 1950, adds to the financial commitments of the government and will necessitate an even larger number of military, administrative, and educational personnel than the 7,000,000 at present on government payrolls.

Furthermore, conditions in the newly liberated areas do not yet permit revenue collections to be normal, and a vast amount of reconstruction is necessary before they will be so.

Two Alternatives

A closer inspection of the budget, however, shows that the deficit could have been wiped out and the budget balanced by one of two means. The first would have been to reduce military expenditures by 18.8 percent, leaving some 20.1 percent earmarked for military operations to liberate the remaining portions of the country. But, in the eyes of China's budget planners, this would not have been enough to carry the war to its victorious conclusion this year.

The second alternative would have been to reduce the capital investment in state enterprises, second largest item in the budget, by 18.7 percent, leaving 5.2 percent of the budget for reconstruction purposes. This, too, was rejected in favor of speeding the restoration of China's productive facilities.

Thus, it can be seen that the deficit is one of the government's choosing, for the purpose of accomplishing definite reconstruction objectives. The whole deficit is easily covered by the sums of money which are to be invested in the country's railroads, water conservancy projects and other productive enterprises which will, in the future, repay the original investment and amortize the bonds.

Herein lies the most important difference between these bonds and those issued in China in the past, which were floated solely for the purpose of raising funds to meet government deficits that could bring in no profitable return in the future.

Main Features

The main features of the bond issue are as follows:

1) The bonds are valued in terms of parity units known as "fen." One "fen" is equal to the average wholesale price of six catties of rice, one and one-half catties of flour, four feet of fine white cloth, and 16 catties of coal in the six principal cities of China —Shanghai, Tientsin, Hankow, Sian, Canton and Chungking. (In Tientsin millet is used in place of rice.) The quotation of the "fen" is announced by the People's Bank every 10 days. During the first half of January it was JMP14,055. For the last 10 days of the month, it was raised to JMP16,077.

2) The total issue of bonds is 200,000,000 fen, to be issued in separate installments during 1950. The first issue is being made from January 5 through March 31.

3) The bonds are redeemable in five years. Ten percent of the issue will be redeemed in the first year by the drawing of lots; 15 percent in the second year; 20 percent in the third year; 25 percent in the fourth year; and the remaining 30 percent in the fifth year.

4) The bonds bear an annual interest of five percent, also based on commodity prices. Interest starts from April of this year, but one-sixth of the interest for the first year is payable immediately for bonds purchased during the month of January and one-twelfth of the interest is payable upon purchase of bonds during the month of February.

Gold may be used for purchase of bonds up to 30 percent of the amount subscribed at JMP620,000 an ounce, special rate for bond purchases. Special foreign currency exchange rates have been established for the purchase of bonds by Overseas Chinese, who may send remittances to branches of the Bank of China in Shanghai, Tientsin, Canton, Swatow, Amoy and Foochow.

Here can be seen a number of other differences between these bonds and the ones issued by the Nationalist government.

Security is Different

First, the security behind the bonds is totally different. Under the Kuomintang, the government usually used as security for its bonds its "customs duty collections." As pointed out by Liu Kuang-ti in an article in the Shanghai *Giefang Rhbao* (Liberation Daily), "This actually was no security at all. The customs revenue was largely mortgaged against foreign loans, and only after foreign loan obligations had been met could payments be made against domestic loans. It was therefore a grand deception." The present bond issue, however, is based on commodities which constitute the major resources of the country and whose production the government is exerting every effort to increase. Furthermore, because the value of the bonds is pegged to the prices of these commodities the bond holders are protected against currency inflation.

Second, the same writer points out, "the method of disposal is also different. In the past the Kuomintang government had lost all public confidence, and its bonds could be underwritten only by the national banks. In effect, the bonds virtually became currency inflation in another form, since the banks did not possess the funds to take them over themselves and had to pass them on the public. Thus, with each issue of bonds, currency inflation became further aggravated. The current Victory Bonds, however, have been issued for the purpose of counteracting currency inflation, and their subscription is based on the extensive savings capacity of the people. The effects of this on the economic situation, instead of being harmful, will be beneficial."

Third, the amount of the bond issue is low compared with those issued in the past. Sun Hsiao-chun, writing in the Peking *People's Daily*,

points out that the total 200,000,000 units is equal to about 200,000,000 silver dollars. In the year 1930 alone, he recalls, the Kuomintang floated over 400,000,000 silver dollars' worth of bonds.

Fourth, the policy of permitting the use of gold for purchase of bonds to 30 percent of the amount subscribed illustrates the healthy departure of this government's gold policy from that of the Kuomintang. The defunct latter government was willing to issue new notes without limit to take in gold and foreign exchange, even though the inevitable result was intensified currency inflation, and when price upheavals became too intense, it then as a last resort dumped gold back on the market in a vain attempt to bring prices down.

The People's Government, however, is unwilling to issue more new notes than are needed. Realizing the size of the note issue required to restore and develop industrial production, its policy has been not to expend notes on the collection of gold now, but rather to "freeze" gold.

The proviso that 30 percent of bonds purchased may be paid for in gold, therefore, appears to be a canny means of encouraging larger bond purchases on the part of those who have gold hoarded away and who can do nothing with it at present. Further, since the bonds are a means of *recalling* currency from circulation rather than increasing currency issue, the government will be obtaining considerable quantities of gold without enlarging its note issue.

Bonds as Stabilizing Factor

Perhaps the most important consideration in the decision to float the bonds was the role they are expected to play in stabilizing currency values and commodity prices.

With China operating on a deficit budget financed by currency issue, price fluctuations and depreciation of the currency have been inevitable. During 1949, commodity prices underwent three periods of sharp fluctuation, in April, July and November.* In all cases, as the government has admitted frankly, the basic factor was the depreciation of currency caused by increased currency issue. Vice-premier Chen Yun, in his report to the Central People's Government Council, voiced this view officially when he declared that the "deficiency in the government's budget which must, for the moment, be made good through currency issue . . . is the main cause leading to the depreciation of currency value and the soaring of prices."

During the current year, 61.6 percent of the budget deficit, or about 11.5 percent of the whole budget, must be made up through currency issue, but the remaining 38.4 percent of the deficit is to be covered by the bond issue. The proportionate reduction in currency issue is expected to have a salutary effect on both prices and currency value.

Wang Chu-chuang, writing in the *Ta Kung Pao*, declared that "the degree of stability cannot be fully appreciated by the mere fact that the amount of bonds constitutes only 40 percent of the deficit. The real effects will be considerably greater. It must first be pointed out that increased currency issue does not affect prices to the simple extent of its issue, but rather the accumulated effects through the increased velocity of circulation must be taken into account. The reduction in the amount of currency issue, therefore, also contributes to the reduction in the rate of velocity of circulation, as shown by experience. Moreover, the stability of prices resulting from the issuance of the bonds will promote normal inter-relations between urban and rural areas, so that currency notes will not be over-concentrated in the cities, but scattered in the large expanse of rural areas."

Success in Northeast

To demonstrate the validity of this reasoning, economists point to the situation in the Northeast, where the First Construction Bond issue of NE$600,000,000, was issued in 1949. It was over-subscribed by 24.4 percent—some NE$740,000,000 worth of bonds were purchased—and commodity prices achieved a far greater degree of stabilization. The *Sin Wen Jih Pao* reported that "as a result of the concentration of large sums of idle capital in the hands of the government through the sale of bonds, idle capital was diverted to constructive channels and commodity prices in the Northeast for the entire year 1949 increased by only 80 percent."

As we have seen, the bond issue—and indeed the entire deficit—constitutes only a fraction of the sums which are allotted under the budget for reconstruction purposes. This also has a significant relationship to China's deficit financial situation and the consequent currency depreciation. Vice-premier Chen Yun declared that "for the moment" there is a budget deficit which must be made up through currency issue. In other words, government revenues are short of requirements during this time when revolutionary order has not yet been established in all parts of the country, taxation has not yet been sufficiently organized, and industry, communications and trade are not yet fully restored.

By placing reconstruction expenditures high on the budget, second only to the requirements of military operations, the government is taking the necessary steps to get production back to normal and thus bring about conditions which will increase its own revenue and balance its budget. The bond issue is a means of borrowing money from the people to make this possible.

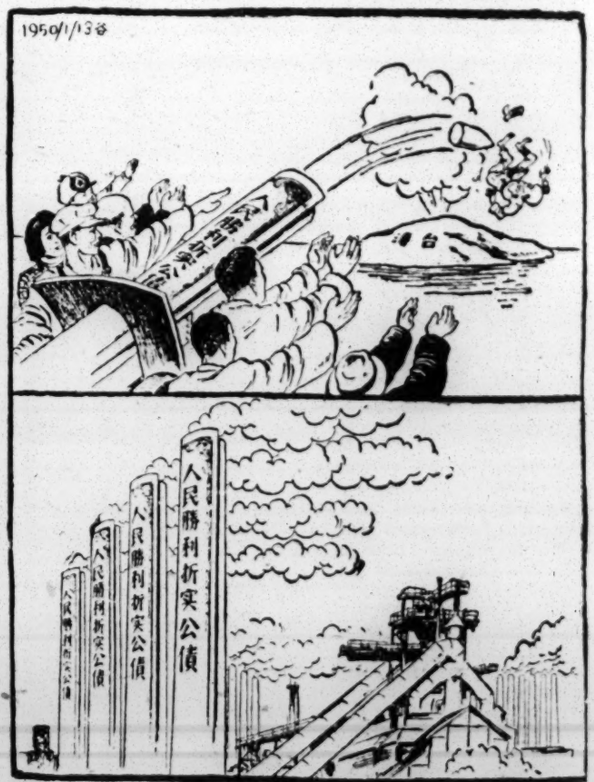
Another factor contributing to price fluctuations is the scarcity of raw materials for industry as the result of the unhealthy economic situation under the Kuomintang. An increased supply of raw materials can be obtained only through more production, such as is envisaged under the government's reconstruction program.

Thus, by freezing a part of the nation's purchasing power through the sale of bonds and centralizing a portion of the capital of industrial and commercial circles in the hands of the government, it is felt that more effective use can be made of the money in economic reconstruction. Sun Hsiao-chun, in the article referred to earlier, declares that "industrialists should feel that freezing a part of their capital is preferable to fluctuation of commodity prices" because "stabilization of prices will mean a normal supply of capital, easier contracting of loans and lower interest. Under such circumstances, manufacturers need not have to store up three months supply of raw materials at a time."

Idle Capital

The question of where money goes is indeed an important one to the new government, for idle capital, besides failing to work for the interests of the country in spurring on production, has contributed to the price fluctuations in the market, particularly in Shanghai.

The daily clearings in the Shanghai Clearing House, for example, average from 150,000 to 160,000 bills. In Peking, however, the daily average is only from 120 to 210 bills. And in Tientsin, another important commercial center, the average is from 6,000 to 9,000 bills a day. In other words,



This cartoon, from the *Giefang Rbbao*, urges people to "buy bonds, support the front, and resume production." Above, the bond drive is seen enabling Chiang Kai-shek to be blasted off Formosa; below, the bonds aid restoration of China's industry.

* The price of rice in Shanghai from June through December went up by more than 800 percent. During the two months before Shanghai's liberation, however, rice prices went up some 15,000 percent!

Shanghai has about 800 times as many bills going through its clearing house as Peking, and 20 times as many as Tientsin.

In the opinion of many economists, this indicates that Shanghai has too much money and that a large portion of such funds must be used for purposes other than legitimate business, i.e., as "speculation capital."

After the liberation of Peking and Tientsin, it was found that a number of the commercial and native banks had two accounts, one so-called "front" or false account, and a "rear" or real account. In the front account, it was discovered that only about some 17 percent of the bank's capital was invested in productive channels while more than 70 percent was engaged in commercial business. But that was not the full story. The so-called "front" accounts usually amounted to only about 20 percent of the bank's total capital, while the "rear" accounts took up more than 80 percent. That is to say, as a whole, the amount invested in productive purposes was only from one to three or four percent, while 96 percent or more was used for purposes of speculation.

It is the purpose of the government to absorb such capital through the sale of bonds and direct it to productive purposes.

The bonds are being sold mainly in the cities. The reason for this is that a major portion of the taxation burden in China is at present borne by the peasants. The largest item among receipts in the national budget is the tax on land and on foodstuffs, which amounts to 41.4 percent of the whole. Although other tax collections, which come to 38.9 percent of the government's income, are levied chiefly on industry and commerce, many of these taxes, too, are eventually passed on to the consumer. Therefore, industry and commercial circles are the main targets in the bond drive.

Quotas Exceeded

Some cities have already gone over the top. Kalgan, in North China, has already exceeded its quota of 220,000 units by about 10 percent. Hankow in Central China is reported to have subscribed to 6,510,000 units, 10,000 more than its allotment. The breakdown of subscribers in the Hankow-Wuchang area illustrates the pattern of the campaign, with the lion's share of bonds purchased by industrial and commercial circles, wealthy individuals, and firms and stores. The figures, as reported in the *Giefang Rhbao* in Shanghai were as follows:

	(Units)
Industrial and commercial circles	5,000,000
Wealthy individuals	650,000
Firms and stores	400,000
Workers	220,000
Cultural workers	60,000
Government organs and troops	60,000
Rural districts	50,000
Citizens (including stall keepers and peddlers)	50,000
Students	10,000
Women	10,000

Shanghai by January 20, fifteen days after the drive opened, had subscribed to 2,108,996 units of its allotted 30,000,000. A number of these were purchased by such industrialists as the owner of one of the largest textile mills, who bought 100,000 units, and public figures like the opera star Mei Lan-fang, who bought 1,000 units. Hundreds of thousands of units, however, were purchased by Shanghai workers, including 8,000 units subscribed to by rickshaw pullers and pedicab drivers.

Workers' Spirit

The spirit with which Shanghai's workers are entering into the drive is illustrated by the dock workers at the China Merchants Steam Navigation Company, who unloaded 2,200 tons of coal in a single night to buy bonds. The workers at the No. 2 Wharf received a challenge from their colleagues at the No. 3 Wharf, who were leading other groups in the company's wharves in the bond subscription. The challenge was accepted, and it was decided to devote the whole of one night's earnings to the purchase of bonds. The normal unloading capacity is about 1,900 tons, but the workers that night landed 2,200 tons. With their earnings, they purchased 1,263 units of bonds to head the subscription record among local groups of wharf workers.

— C. Y. W. MENG

Shanghai-Canton Rail Line Opened

FOR the first time in China's history, Shanghai and Canton are being linked by regular through train service. The trial run was made January 5 when an 11-coach train made the 1,904 kilometer journey in 76 hours. Regular service commenced January 12.

The trains make use of three railways, the Shanghai-Hangchow Railway, the Chekiang-Kiangsi Railway, and a section of the Canton-Hankow Railway. The Chekiang-Kiangsi Railway was completed just before the war with Japan and consequently saw practically no use before it was put out of commission.

Until now, overland travel to Canton has been a long and tortuous affair. Most traffic went instead by ship to Hongkong and thence by rail or ship to Canton. The most direct overland route commonly took from two to three weeks, and involved going by train from Shanghai to Hangchow, changing trains at Hangchow for Nanchang, the capital of Kiangsi province, taking a bus from Nanchang to Changsha and, finally, by train from Changsha to Canton.

The traveller (or freight) was subject to the hazards of weather and the state of the roads, irregular bus service, and frequent disrepair or breakdown of the busses.

Now the goal set for the trip by express train is 72 hours.

With the completion of repairs on the Shanghai-Canton run, through train service is in effect between virtually all of China's main centers. Traffic on the Canton-Hankow line, a distance of 1,384 kilometers, was resumed on December 28, and the Hankow-Peking Railway, covering 1,212 kilometers, was reopened on January 1 of this year.

With the resumption of traffic over these two lines, a passenger can travel by train from Manchouli, a city on the Sino-Soviet border in the Northeast, through Harbin, Mukden, Peking, Chengchow and Hankow to Canton.

The Peking-Shanghai line was reopened on July 1, 1949, and daily trains cover the distance between the two points in 39 hours. The Peking-Mukden line resumed operation on May 1.

Traffic also has been resumed between Sian and Hsuchow on the Lunghai Railway, and the Tatung-Puchow Railway in Shansi province has resumed its run northward to Shihchiachuang and southward to Fenglingtu on the bank of the Yellow River.

Of China's 26,857 kilometers of railway lines (including Taiwan and Hainan Island), 24,794 kilometers have been liberated and 21,046 kilometers are now in operation according to official reports. This includes virtually all lines except the sections from Chingchow to Kupeikow and from Yipaishou to Chihfeng in the Northeast, the northern section of the Tatung-Puchow Railway in North China, and the Liuchow-Tushan section of the Hunan-Kwangsi-Kweichow Railway in South China.

The rapid repair of China's railway lines is all the more remarkable in view of the fact that the country's railway network was literally wiped out after the outbreak of the Sino-Japanese war in 1937. Not one of the main lines has been open to traffic for its full length in the past decade.

In the last year, the railway workers have repaired more than 8,200 kilometers of railways, much of it damaged so seriously that complete rebuilding was necessary. In addition, more than 75,000 kilometers of railway bridges damaged or destroyed by the fighting had to be repaired.

The goal for 1950, according to Teng Tai-yuan, minister of railways in the Central People's Government, is the opening of 22,000 additional kilometers of railway to traffic. He reported that 37,000 workers in 26 railway workshops are engaged in producing 250,000 spare parts for rolling stock and repairing 15,000 passenger and freight cars and 1,500 locomotives for the current year.

A story by Kao Lang Ting (高朗亭)

OLD MRS. LEI

Translated by William Berges

IN the spring of 1933, I was wounded in the battle of Yang Chia Yuen Tze. I managed to get away, but the enemy kept following my movements. Wen Chun secretly went along to take care of me.

We were hiding out in a small village. One day, Wen Chun came back from a scouting trip to report that a pack of plainclothes agents stationed in Yungping Chen had been ordered out to find me. Wen Chun said that I had been too long recuperating in one place. The best thing to do was to move to the village of Lei Chia Pien. I agreed and that night we moved out.

The night was as black as a crow. When we got to Lei Chia Pien, we crept into the large yard in front of the Lei's house. The entrance gate was missing. Wen Chun picked up a clod of dry mud and threw it at Old Mrs. Lei's window. We heard a pretended cough, and shortly the door slowly opened. Old Mrs. Lei came out very quietly. She welcomed us warmly, but whispered to Wen Chun, "Come in quickly. The dog has a terrible bark. If he once gets started, he'll wake everybody up."

We hurried inside after her. She struck a match and lit a hempseed oil lamp. Snatching a bushel basket, she put it on its side on the kang with the bottom toward the window. Then she set the lamp inside it, to prevent anyone outside from noticing the bright light. To Old Lei she said, "Get down, let Lang Ting and Wen Chun sit on the kang." Then she turned to us, and warmly, as if she were speaking to her own sons, she said, "Where have you come from? Have you eaten anything? I'll fix something for you..."

"Thanks, Mrs. Lei, we don't want anything to eat."

"I'll heat you up some green bean soup, it's already been cooked," she said.

"Don't bother, Mrs. Lei....we'll have it cold, that'll be all right."

"It's no trouble at all," she insisted, "and cold soup is bad for your stomach." As she spoke, she poured the soup from the big bowl into the pot on the stove. She bent down, put some fuel into the stove, and lit the fire.

Old Lei put in: "It'll be hot in a minute."

"Eh, Lang Ting, I heard you were wounded, but I haven't seen it. Is it any better?" "Old Mrs. Lei enquired.

"Not so good. A bone was splintered and they couldn't take out the pieces," I replied offhandedly.

When she heard this she frowned, her grey eyebrows drawing together, and looked troubled. She pushed the wood a little farther into the stove, straightened up, and as she came over to me she said, "How about letting me look at it?"

I began awkwardly taking the bandage off my right hand, and Wen Chun hurriedly helped me undo it.

"It's still swollen, and keeps draining," I said.

Old Mrs. Lei stood a minute, her hands clasped to her breast. Then, turning her head this way and that, she carefully examined my wound.

"Ya! How painful it must be! Look, the skin is coming off. It's so inflamed that it looks as if it is infected again. A long time before it'll get better....and there's no medicine!. . ." she muttered sympathetically. Then, "Bandage it up again quickly! Careful, or it will begin to pain you again," she said as she went back to the stove. She sat on a small bench and added another handful of fuel to the fire.

"How long will it be before the militia finishes off these whites, before our Red Army finally wins, and the people can live in peace!" she murmured as she tended the fire.

"Old mother, if we all work together singleheartedly, that time will come very soon," I comforted her.

"There are still a lot of bad, stupid fools around. Ai! If I were a man, old as I am, I'd do something! Hateful bastards! One time, some of them came from the garrison, wanting money. They made me kill my best laying hen for them. They wouldn't look at another one instead, the sons of turtles. . . . It was that very time that my old man got a bellyfull. They beat him up so much that he couldn't work for days." Old Mrs. Lei's anger and hatred grew as she spoke.

I interrupted her with, "Everybody hates them bitterly, but their unlucky day will soon come!"

"It might even be next year," said the old woman, as if to herself. . . . "Ah! the soup is hot." She stood up, handing us the big bowl full of soup.

• • •

I STAYED at the Lei's more than ten days, and it seemed to me as if I were in my own home. Lu Ying, at that time a Red Army soldier, saw Wen Chun somewhere around about, and guessed that I was staying in one of the villages in the neighborhood. He sent many messages asking to visit me, but I didn't reply.

One afternoon late in April, Wen Chun came back with some egg noodles he had bought. He said, "Lu Ying is always asking to see you. I don't think there can be any question about him. If he pesters me all the time to see you, it must be only to show his good will."

Not waiting for my reply, Old Mrs. Lai burst in with, "Don't let him see you. That man is unreliable. Supposing the whites should catch him and beat him a little, he'd tell everything he knows. And that would be bad."

Old Lei stuck in his oar. "Don't worry. How could anything bad come of it? If Lang Ting is in a fix, and that little squirt wants to see him, it's only to do him a good turn."

I also felt that since he had asked so often to see me, it wasn't right to refuse again. So I said it would be all right to let Lu Ying come that night. Old wife Lei was unhappy about it from first to last, and said, "I don't like this business at all. Remember, before he joined the Red Army, one time the whites were after some Red soldiers. They caught him and only had to box his ears to make him tell everything."

I only said, "By now, he's learned different!"

• • •

THE next morning—it was the 23rd—after we had had breakfast, Lu Ying started out for East Canal, Old Lei went up the mountain to do his plowing, and Old Mrs. Lei sat under the plum tree in the front yard to spin, in a position that would give her a good lookout.

"Lang Ting," she said, "you didn't sleep well last night, so today you better get some rest. I'll sit out here and be your sentry." Wen Chun, carrying his revolver under his packet, had gone to New Village.

But Yu Ying never got to East Canal that morning. On the way, he ran into a company of white soldiers. Among them were some who recognized him. They caught him, tied him up and started beating him. The tiger can never change his spots, so it didn't take many blows to make Lu Ying spill what he knew.

Forcing him to guide them, they occupied the mountain top around Lei Village, surrounding it. Then they sent 30 or more men through the irrigation ditch to make a rush at Old Mrs. Lei's house.

She was sitting, constantly peering around in all directions as she spun. Suddenly she saw a dozen men appear on East Mountain. They were quite evidently not farmers sowing the fields. She looked again, and there were men all over the mountain. Old Mrs. Lei ran immediately inside to hide me.

• • •

DIMLY, through my deep slumber, I heard, "Lang Ting, get up!" repeated two or three times. Startled, I sat up. Old Mrs. Lei was at the side of the kang. "White soldiers are all around the mountain. You must hide quickly!"

"I think it's better to hide outside somewhere. They won't be able to catch me. If they search and find me here, it'll get you into trouble."

They have the mountain surrounded, and your hand is still so bad you can't use your pistol. How can you escape outside? Come on, follow me. I'll hide you," she said urgently as she took my good arm.

She led me into a cave used for storing alfalfa. "This isn't so good. What if they search?" I said doubtfully.

"Never mind, don't be anxious. Just depend on me!" she said firmly.

although her manner was very anxious just the same. She bent her old back, took hold of a slab of stone, and pulled it up. A round, black hole appeared beneath it, a little over two feet in diameter. "Jump in there and hide, quickly!" she said, one hand holding the stone, pointing down the hole with the other.

I hesitated a moment.

"Hurry. Nobody knows about this hole. It's the best place to hide."

Under the steady gaze of her faded old eyes, I almost automatically obeyed and jumped in. She replaced the stone. I felt only an utter, raven blackness, heard through the thin stone only a faint rustle as Old Mrs. Lei gathered some armfuls of alfalfa and threw it over the slab. One armful, two . . . then her footsteps leaving the cave.

I heard Old Lei run up and gasp, "The whites have come! What about Lang Ting?"

"He left," answered his wife, in unconcerned tones.

"Where did he go?" Old Lei worriedly asked.

"He went down the pass," she replied easily.

But Old Lei dubiously demanded, "Then how is it I didn't meet him?

"Who knows where he went? Look, the soldiers are here!"

* * *

THEIR voices stopped, and I heard a confused noise of quick steps, which suddenly grew quite loud, as if the soldiers were just outside the window.

"Old man, you're taking care of Kao Lang Ting here. Hurry up and bring him out." This in a Honan accent.

"Please come in and sit down, Captain . . . how would Kao Lang Ting dare to stay here . . . !" said Old Lei in unnatural tones, as if he were smiling falsely as he spoke. This was cut short by the sound of a blow, as from a box on the ear.

"You dog! If you won't talk, we'll string you up!" It was a Honan accent, all right — sounded like Pucheng.

"Ai ya! Wait, Captain, you'll break my arm twisting it like that!" Old Lei pleaded, crying out in pain.

"Is Kao Lang Ting here or isn't he? Speak up!" another voice shouted. This one must have come from the Lishih-Chungyang district of Shansi.

"He's not here! . . . He's . . . I'll . . . tell you, Captain!" Old Lei finally stammered, his voice quivering.

"Bring Lu Ying over here to witness what this stupid old fool says." It was that savage Pucheng accent. The same voice shouted, "Lu Ying, talk!"

"Old man," came Lu Ying's voice, "tell the officer where Lang Ting is hiding. This morning, when I left here, he was still here. Why do you say he's not here?"

"Oh, that's right," gasped Old Lei quickly, fear in his voice, "he did come to the house, but he only ate breakfast and left right afterward."

"You worthless old bastard! Hang him up and beat him! Sergeant, take a few men and search the cave!" It was still the Pucheng voice.

Then I heard only the creak of the cave doors echo as they were pushed open, the thud of footsteps sounding over my head, just missing the stone slab. My head was full of the thought of death and how to meet it. The footsteps pounded, pounded, and finally stamped out the door.

"Lieutenant, report he's not in the cave," I heard in a Lochuan accent; and mixed with the sound of his voice was the whacking noise of a man being beaten with a pole, and Old Lei's howling in bitter pain.

"Stop beating me! I'll confess!" Old Lei begged.

"Right! Don't hit him, let him talk!" the voices of two or three confusedly broke into the sound of beating.

"Just now, when you were up on the mountain, Kao Lang Ting was just going down the pass, and I don't know where he ran off to."

So Old Lei truthfully told the enemy all he knew.

"Old biddy, where did you hide Kao Lang Ting? Tell us and be quick about it!" This question was hurled at Old Mrs. Lei in another Honan accent.

"Ah! I'm so deaf, I can't hear," she answered, pretending to be fuddled.

"Is Kao Lang Ting here in your house or not" the Honan voice roared.

"Ah! You want some doughnuts, eh?" came her voice.

Three or four voices began to abuse her. "Useless! Don't bother! Old she-devil! . . ."

The Pucheng voice ordered, "Search again!" but before he had gotten the words out of his mouth, I heard the muffled sound of two revolver shots.

"Ai! Ai! Where's the shooting?" the whites babbled, astounded, while Old Lei shouted, "Look! Kao Lang Ting has run to East Mountain!"

"After him . . . hurry!" Pucheng had hardly finished the order. A whistle sounded and there was a confused noise of heavy steps, which grew fainter with distance. Less than ten minutes later, I heard three or four rifle shots, probably from the mountain.

* * *

'HURRY up and untie me, it's killing me," groaned Old Lei to his wife. A little later I heard him sigh "Ai ya! Ai ya!" as he slowly hobbled into the next cave.

"Slowly, slowly . . . careful, or you'll fall," Old Mrs. Lei cautioned him. Still crouching in the hole, I was puzzling my brains over who had fired the rifle, and just in the nick of time. If they had searched again, it would have been very dangerous.

More than half an hour passed, and then I heard Old Mrs. Lei come into the cave above. She took up the stone, and the inky hole was suddenly flodded with light.

"Come on out . . . the whites have gone!" she said smilingly, bending her head down to me. She held out her hand to help me up.

"Which direction did they go?" I asked as I took her hand and started to clamber up.

"The whites went over toward East Mountain, chasing after Wen Chun," she replied with a smile.

"How in the world did you know," I asked, surprised.

"The minute I heard the first shot I was scared out of my skin. But then I looked carefully and recognized Wen Chun standing on the mountain peak. Then there was another shot, and Wen Chun stood up there and waited until the whites had started up the mountain, when he started off lickety-split along East Mountain ridge." We had reached the yard, and as she finished speaking she excitedly pointed at East Mountain and gazed in that direction.

"Wen Chun had a good idea there," I said.

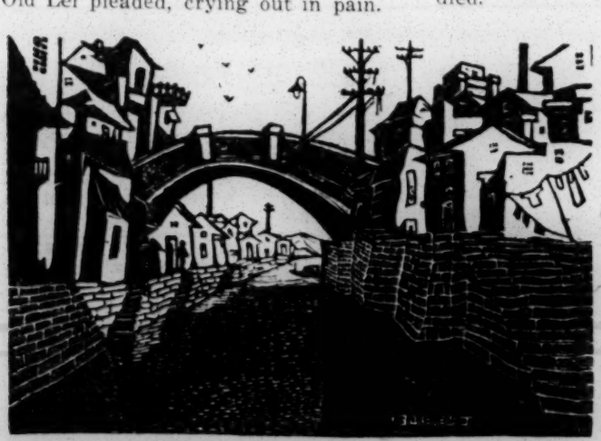
"Our Red Army has a lucky star, all right. Otherwise you tell me how Wen Chun could have thought up such a good trick, getting the whites away all at once," Old Mrs. Lei said, making excited gestures.

Old Lei was in the cave, groaning.

"Old man, you've suffered a lot for my sake," I went into the cave where he was lying.

"No matter. A little hurt doesn't kill you. Where were you hiding? You must have been scared to death!" he mumbled ashamedly from the kang.

"You old devil, they only had to hit you a few times to make you tell everything! If I had told you the truth, that Lang Ting was hiding in there, it would have been all over with him today . . ." grumbled Old Mrs. Lei at her husband. Then she scolded us both: "Anyhow, I told you you couldn't depend on that spineless Lu Ying, didn't I? Now you see how dangerous he is!"



—Riverside Town by Hsa Ting

EAST CHINA'S AGRICULTURAL SHOW

First of its kind in Shanghai, it demonstrated to thousands of farmers and city dwellers how agricultural production can be boosted through the application of scientific technique.

THE East China Agricultural Exhibition, first of its kind ever to be held in Shanghai, closed this month after a 15-day run.

More than 300,000 people poured into the exhibition grounds in Shanghai's Race Course to view the machinery, films and exhibits on a wide range of agricultural subjects.

The data was collected from all over East China, and a number of peasants' representatives and labor heroes from Shantung, North Kiangsu and Chekiang provinces were on hand to explain the material and discuss agricultural problems with people of the Shanghai area.

Thousands of farmers from the outlying districts came to visit the show along with Shanghai city dwellers. They were provided with transportation by the Farmers' Association and admitted free to the exhibition grounds.

The exhibition was sponsored by three organizations, the Farmers' Association, the China Agricultural Scientific Research Society, and the East China Department of Agriculture, Forestry and Water Conservancy, in response to the nationwide call for an increase in agricultural production during the year 1950.

Its purpose, as explained by Li Jenfeng, deputy director of the East China Department, was "to try to solve the problems relative to the grain and cotton sowing areas in East China."

Assisting the three sponsoring organizations was a preparatory committee representing eight organizations and an arrangements committee of 94 voluntary organizations, comprising official government bureaus, commercial firms, cultural groups and schools.

10 Main Sections

The exhibition was divided into ten main sections:

1) **Introductory Exhibit.** Here was depicted the lives of China's agricultural population during the Japanese occupation and under Kuomintang rule, their long and bitter struggle to achieve liberation, and the new status of the farmers since liberation. An outline of the agricultural program for 1950 stressed plans for increasing rice and wheat production and new water conservancy projects.

2) **Agronomy.** This exhibit reviewed the present situation of the various food crops and the need for improved species of beans, corns, peanuts, sweet potatoes and other supplementary food crops. It explained modern methods of planting and cultivation and improved techniques in storage, manufacturing and refining. Attention was also given to tea cultivation and processing and to tobacco growing and the manufacture of cigarettes.

3) **Plant Diseases and Pests.** This section dealt with ways and means of combatting locusts, diseases of rice and cotton, wheat rust, insects and worms, and listed the various insecticides and implements available in East China for dealing with these problems.

4) **Horticulture.** This included instructions for the proper handling and packaging of export fruits and various processes for the preparation of salt vegetables, canned foods and wines. It also contained a description of the vegetation of East China.

5) **Soil and Fertilizers.** This explained the formation of soil, soil erosion and its prevention, and ways to improve China's two types of inferior soil, saline soil and red earth. The proper use of fertilizers was described and information on the resources and industries for the manufacture of chemical fertilizers in East China was displayed.

Cotton and Silk

6) **Spinning and Weaving.** This exhibit showed the proper planting and cultivation of cotton with specimen bolls on view for purposes of comparison; silkworm culture and processing of silk; the manufacture and dyeing of cotton cloth; exhibits of native wool and hemp, their main products and processes of manufacture.

7) **Agricultural Engineering.** This proved to be one of the most popular exhibits. A number of improved, labor-saving farm implements were shown. Scale models of windmills and manually-operated water wheels were displayed alongside pumping machines that used rice husks for fuel and compact gasoline-driven pumping units. Frequent demonstrations of tractor-drawn plowing and harrowing machinery and modern well-digging machines never failed to attract large crowds of spectators.

8) **Marine Products.** This section was housed in a building constructed in the shape of a whale and attracted a steady stream of visitors. The exhibits included photographs, diagrams and posters depicting conditions of the people in the marine products industries during the days of the Kuomintang; commercial fishing and its by-products; pictorial reproductions of various species of marine life; modern fishing techniques and implements; maps of China's fishing grounds; hatching and breeding fresh water fish; processing of salt fish and fish-liver oil; and photographs of the marine products industries of the Soviet Union.

9) **Forestry and Livestock.** This covered the care and breeding of poultry and the use of incubators, instructions on the prevention of various livestock diseases common to East China and their treatment, pasteurization of milk, artificial insemination of livestock, proper processing of hog bristles for market, bee culture, forestry protection and reforestation and their relation to water conservation, and descriptive material on East China's timber. A supplementary exhibit included cows, horses, sheep, chickens and ducks.

10) **Agriculture and Forestry in the Soviet Union.** This exhibit included a method of tree planting successfully employed in the USSR to serve as a wind-break for the protection of crops, a section devoted to the theories of Soviet scientists, Michurin and Lysenko, a collection of photographs on collective and national farms, and a group of photographs of heroes of labor in the socialist countries.

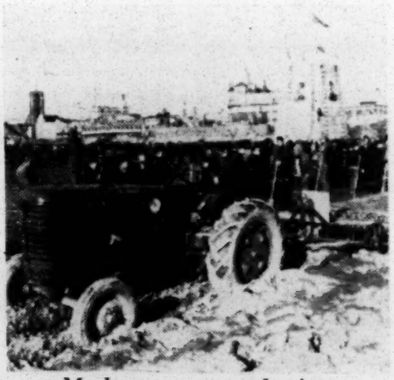
Special Post Office

A special branch of the post office was set up on the exhibition grounds where visitors could mail books and other printed matter on agricultural and allied subjects to their families and friends.

The exhibition served to focus increased attention on the main agricultural targets for 1950, which are increasing grain output by 5,000,000 tons, growing 650,000 tons of raw cotton, and raising the output of other industrial crops and farm products for export.

The East China district, which in the years 1936-49 registered a drop of 20 percent in the area of land de-

AGRICULTURAL EXHIBITION



Modern tractor plowing

Crowds view exhibits

voted to the planting of foodstuffs, and a 40 percent drop in the productivity of cultivated land, is urged to show an increase this year of 1,900,000,000 catties (about 950,000 tons) of foodstuffs in its old liberated areas and 1,300,000,000 catties (about 650,000 tons) in its newly liberated areas.

East China's cotton output also shrank during the 1936-49 period, with a 33 percent drop in cotton acreage and a 50 percent decline in productivity of land planted to cotton. This year, under the 1950 plan, its allotted cotton acreage is 15,200 mow (about 2,530 acres), second only to North China.

By holding the exhibition in Shanghai it was hoped not only to boost agricultural production through the demonstration of scientific technique, but also to point up the close relationship between agricultural production and industrial pursuits.

Shanghai's *Ta Kung Pao* said the exhibition was designed to show urban industry that it must cater to the needs of the rural districts and to show farmers the importance of supplying the urban districts with industrial raw materials. It should also "enable the farmers to realize that it is only through the gradual mechanization of agriculture that their livelihood can be materially improved," the paper added.

Administration Program For Sinkiang

AN administrative program for Sinkiang, China's westernmost province, has been worked out in Peking and it was ratified last week by the 14th Session of the State Administration Council of the Central People's Government.

The main stipulations of this program are—democratic rule, equality for the various national minorities within the borders of Sinkiang, restoration and improvement of agriculture, exploitation of Sinkiang's mineral wealth, and friendly relations with the Soviet Union and the People's Republic of Outer Mongolia.

The liberation of Sinkiang was achieved without a shot being fired following the victories of the People's Liberation Armies at Sian and later against the Kuomintang forces of Ma Pu-fang, Ma Hung-kwei and Hu Tsung-nan in the Northwest.

General T'ao Chih-yueh, then commander of the Kuomintang forces in Sinkiang, and Borhan, the provincial chairman, sent messages to the Central People's Government on September 25 and 26 in which they announced their allegiance to the new government.

General T'ao Chih-yueh said in his message: "All our troops will remain where they are to maintain local order. We are awaiting orders from the People's Revolutionary Military Committee and the headquarters of the People's Liberation Army."

Sinkiang People's Forces

Also awaiting orders in Sinkiang was the Sinkiang National People's Army. This army was originally a guerilla force composed of Uighur, Kazakh, Sibo, Tartar, Mongol, Moslem and Han peoples, which carried on stubborn armed resistance to the Kuomintang rule in Sinkiang province for years. Armed with captured Kuomintang weapons, the Sinkiang People's Guerillas were reorganized as the National People's Army in April, 1945 and subsequently liberated the people of the Ili, Tahcheng and Ashan areas.

In 1946, the progressive Ili leaders broke with the Kuomintang provincial regime and set up their own autonomous region near the Soviet border. This Ili region is one of the few rich and cultivated sections of the vast, sparsely-populated province. It was due to the Ili leaders and to General Chang Chih-chung, as well as to the People's Liberation Army, that Sinkiang came over rapidly to the Central People's Government.

General Chang Chih-chung was the leader of the Kuomintang peace delegation to Peking in 1948 and, as a past governor of Sinkiang, he had considerable influence over the remaining authorities there, including General T'ao Chih-yueh and Chairman Borhan. The Ili leaders, at the time of Sinkiang's liberation, were already represented in the Central People's Government through Saifudin, a Turki who was Commissioner of Education in the Sinkiang Coalition Government of 1946, and who is now a member of the Central People's Government Council and Deputy Director of the National Minority Affairs Commission.

Following liberation, a provisional provincial government was set up in Sinkiang based on a democratic coalition of the various minorities.

Administrative Program

Under the new administrative program, ratified in Peking by the Central People's Government Council, this democratic coalition government will put into effect "the people's democratic dictatorship based on the leadership of the working class, the alliance of workers and peasants and the unity of all democratic strata and nationalities."

The former Kuomintang troops under General T'ao Chih-yueh have been reorganized into the 22nd Army Group of the People's Liberation Army. General T'ao and General Wang Chen have been appointed commander and political commissar respectively of the Army Group. The Sinkiang National People's Army has also been formally reorganized into the 5th Army of the People's Liberation Army.

The People's Liberation Army forces in Sinkiang are to help the provincial government in building up people's regional forces and public security forces. All troops in Sinkiang have also been instructed to take part in productive work and launch a big production drive. Initial duties will include the dissolving of all espionage and reactionary organizations of the Kuomintang and rounding up spies, bandits and saboteurs from foreign countries who may be operating in the province.

The political program for Sinkiang is aimed at outlawing racial discrimination. At the same time, the whole administrative program requires that progressive elements of every nationality should be absorbed into the administration of the province and that cadres should be trained among people of every nationality. The aim is to create a democratic united front of all nationalities that will be strong and effective.

Agriculture Is Main Task

In economic reconstruction, the administrative program stresses that the agriculture of the province, livestock raising and handicrafts, all which fell into a state of ruin under the Kuomintang, should take priority in rehabilitation work.

Industry and mining are to be developed, but gradually. The oil and mineral resources of the province are to be utilized and textile and leather industries are to be developed.

The main task for agricultural rehabilitation and expansion will be the reclamation and extension of irrigation canals, vital to the farmers of bone-dry Sinkiang. It is hoped to increase the acreage both in food crops and cotton. Veterinary stations and modern ranches are to be established to increase the number of livestock in this province which in the past has depended upon animal herds.

Land reform in Sinkiang will follow the activization of the peasants in the tasks of eliminating scattered Kuomintang agents and bandits, in fighting against rural despots, and in carrying out rent and interest reductions. The ending of feudal exploitation of the peasantry will lay the foundation for future economic development.

When the land reform has been completed and the various sections and strata of the population have set up their own organizations, universal elections will be held to elect people's congresses to administer the province on provincial, county and municipal levels.

Stressed in the administrative program is the future encouragement of cultural ties and friendly relations between Sinkiang and its near neighbors—the Soviet Union and the People's Republic of Outer Mongolia. When Sinkiang can turn to the development of mining and industry, Soviet aid and industrial experience will be invaluable to the new Sinkiang, China's westernmost province.

NEWS OF THE WEEK

Chou En-lai Joins Mao in Moscow; New China Delegate to UN

CHOU En-lai, Premier of the Government Administrative Council and Minister of Foreign Affairs of the People's Republic of China, arrived at Moscow on January 21, the *New China News Agency* reports.

On arriving at Moscow, Premier Chou said: "Dear Soviet comrades and friends! I have arrived at Moscow on instructions of Chairman Mao Tze-tung of the Central People's Government of the People's Republic of China in order to take part in the negotiations on consolidation of good neighborly relations between the two great states—China and the Soviet Union. I regard this mission of mine as a great honor.

"All manifestations of friendliness on the part of the Soviet Government towards the Chinese people throughout a number of years spring from the consistent Stalinist-Leninist policy of rendering assistance to all oppressed people of the world in their struggle for their emancipation.

"Now that the Chinese people have won victory in their great revolutionary struggle, further consolidation of friendship and closer relations between the two great states—China and the Soviet Union, are doubtless acquiring tremendous significance for the cause of peace and progress in the Far East and throughout the world. With the correct foreign policy of Generalissimo Stalin and with Chairman Mao Tze-tung firmly pursuing a policy of cooperation between China and the USSR, no force can prevent our two great states from marching ahead side by side.

"Permit me to repeat here the words of Chairman Mao Tze-tung: 'Long live the friendship and cooperation between China and the Soviet Union.'"

Chou En-lai was accompanied to Moscow by numerous officials of the Central People's Government and the Northeast People's Government including Yeh Chi-chuang, Minister of Trade of the Central People's Government, and Li Fu-chun, Vice Chairman of the Northeast People's Government.

* * *

Chinese Delegate to UN

FOREIGN Minister Chou En-lai of the Central People's Government on January 19 sent a note to President Romulo of the United Nations General Assembly and Secretary-General Trygve Lie of the United Nations Organization, on behalf of the Chinese People's Republic. A translation of the full text follows:

"President Romulo of the United Nations General Assembly, Secretary-General Trygve Lie of the United Nations Organization and members of the Security Council:

"On January 8, 1950, I sent a note to the United Nations requesting the expulsion of the Nationalist delegation from the United Nations and the Security Council. I have received a telegraphic reply from Mr. Lie acknowledging receipt of the note and stating that he would forward my note to the members of the Security Council.

"I take the occasion to inform you again, Mr. President and Mr. Secretary-General, that the Central People's Government of the People's Republic of China has appointed Chang Wen-tien as head of the delegation of the Chinese People's Republic to the United Nations General Assembly and for participation in the work of the United Nations including the meeting and work of the Security Council.

"I request you, Mr. President and Mr. Secretary-General, to answer the following questions:

"When will the Nationalist delegation be expelled from the United Nations and the Security Council? I hold that the continued presence of the said delegation in the United Nations and the Security Council is quite illogical, and that it should be promptly expelled from them.

"When may the delegation of the Chinese People's Republic headed by Chang Wen-tien attend the meetings of the United Nations and the Security Council and participate in their work? I hold that it should speedily attend their meetings and participate in their work.

"I hope I will be favored with a prompt reply.

Chou En-lai, Foreign Minister of the Central People's Government of the People's Republic of China."

* * *

CHANG Wen-tien, the newly appointed head of the Chinese delegation to the United Nations, is currently member of the Central Committee of the Chinese Communist Party, the Central Political Bureau, the Northeast Bureau of the Chinese Communist Party, and the Northeast People's Government. A native of Nanwei Hsien, Kiangsu Province, Chang Wen-tien is 50 years-of-age and noted as a polished speaker and writer. He studied at the University of California in 1921.

* * *

AT Lake Success on January 20, United Nations Secretary-General Trygve Lie confirmed the receipt of the note informing him of the appointment of Mr. Chang Wen-tien as delegate to the United Nations. Copies of this note, said Mr. Lie, would be circulated to all member-governments.

United Nations diplomats, he said, were still optimistic that the question of Chinese representation would be satisfactorily solved soon.

The position in the Security Council could be resolved quickly when and if two more members of the Council decide to grant recognition to the Chinese Central People's Government, thereby providing a majority in the 11-member body to expel Dr. T. F. Tsiang, the Chinese Nationalist delegate.

Many of the smaller agencies of the United Nations are continuing their work, but the Security Council with its branches, such as the Atomic Energy Commission, the Conventional Armaments Commission and the Military Staff Committee, is virtually stalled indefinitely on matters of substance.

This is because of the disposition on the part of many members not to bring up questions of importance in the absence of the Soviet delegate.

The United States is believed willing to accept a majority vote on the Council against Dr. Tsiang and would not oppose it with the veto.

France and Cuba had been regarded as the two members likely to accord early recognition to the Chinese People's Government, but it is considered unlikely now that France would act in view of the recognition of the Democratic Republic of Vietnam by the Central People's Government.

It has been reported that Sweden, Finland and Afghanistan have accorded recognition to the Chinese Central People's Government.

* * *

Acheson on Franco Spain

THE United States Secretary of State Dean Acheson said in a letter addressed to Senator Tom Connally, Chairman of the Senate Foreign Relations Committee, that the United States was willing to vote for a resolution in the United Nations leaving each government a free choice of resuming full diplomatic relations with Franco Spain. Full diplomatic relations with Franco Spain were broken off by member states of the United Nations following a resolution that this should be done which was adopted by the United Nations General Assembly in 1946.

Following Secretary Acheson's statement, Senator Tom Connolly, in Washington on January 21, urged the

Chinese Leftists In US

According to word received from America, US federal agents have launched an investigation of the alleged activities of Chinese Communists and their sympathizers in the United States.

A *United Press* dispatch dated November 10, 1949 was quoted as reporting: "Officials said Chinese non-immigrants in America and immigrants who have not yet been naturalized would be subject to deportation if they were found to have 'espoused communism,' or engaged in communist activities."

United Nations to rescind its 1946 ban and allow member nations to restore full diplomatic representation in Spain.

Senator Connally, commenting on the Department's move, declared: "I am pleased with Mr. Acheson's attitude. The Franco government does not have my approval, but neither do the governments of Russia and her satellites."

Continuing: "We appoint ambassadors to foreign countries not to please their people or their governments. We send ambassadors abroad to serve the interests of the United States and its people."

Newspapers in Madrid, reporting the text of Mr. Acheson's letter, commented on the lines of: "The United States rectifies its errors."

* * *

Vyshinsky on Acheson

SOVIET Foreign Minister Andrei Vyshinsky said in Moscow on January 20 that the recent statement by Secretary Acheson on Soviet policy towards China was so absurd that "we at first doubted its genuineness."

M. Vyshinsky was referring to a review of American policy in the Far East made by Mr. Acheson to the National Press Club in Washington on January 12. In this review, Mr. Acheson alleged that the Soviet Union was "detaching" Sinkiang, the Mongolian Republic and the Northeast provinces from China and "attaching them to the Soviet Union."

M. Vyshinsky said: "It is easy to see that in Mr. Acheson's statement there is not a word of truth. He wishes to criticize the foreign policy of the USSR and by doing so shift the responsibility onto the USSR for the failure of his own policy . . . But Mr. Acheson forgets that now China has its own national government which knows how to defend the interests of its country and territory and that the relations between the People's Republic of China and the Soviet Union are conducted by this government."

He added: "Mr. Acheson's declaration about the annexation of the Mongolian Republic to the USSR is astonishing not so much because of its insolently lying character as because of its ignorance and contempt for his listeners at the National Press Club in Washington. And everybody knows and no normal person doubts that Manchuria and Inner Mongolia and Sinkiang continue to be part of China and are an integral part of China's territory."

* * *

Korean Aid Issue

IN Washington on January 19 a two-vote majority in the House of Representatives defeated an Administration bill which proposed an allocation of US$60,000,000 to South Korea to "help her resist Communism."

It was the Administrations first big voting defeat in Congress for some time. The measure failed by 193 votes to 191. Republican critics of the Truman Administration's Far Eastern policy secured enough Democratic support to defeat the measure—61 Democrats voted with 131 Republicans and the lone American Labor Party member, Representative Marcantonio, against the bill. Only 21 Republicans voted in favor, with 170 Democrats.

In a minority report accompanying the aid bill, Republicans opposed authorization of the money on the grounds that the South Korean Republic was "open to attack at any time by Communist forces, and American aid would only enhance the prize to be taken."

Representative John Vorys (Republican: Ohio), who has led demands for cuts in foreign aid, told the House that Congress, would not "vote money down a Korean rathole."

The Chairman of the House Far Eastern Affairs Committee, Representative John Kee (Democrat: West Virginia), who introduced the bill, said that the South Korean Republic was entitled to American support and protection. The Republic had been established by the United States.

The Korean Ambassador to Washington, Mr. John Hyun Chang,

Chinese Press Opinion:

The China Issue at the UN

COMMENTING on the demand of the Central People's Government for the expulsion of the Kuomintang delegation from the Security Council of the United Nations, the *Sin Wen Jih Pao* of January 15 supported the stand of the Soviet Union at the UN and stated: "In the course of this year's first meeting of the Security Council, which took place on the 10th, the Soviet delegate Malik righteously castigated bandit T. F. Tsiang as 'failing to represent any member nation' and as a 'clown illegally usurping the post of chairmanship,' and therefore demanded his expulsion. But as a result of the insistence on the part of the American, English, French, and other delegations in adopting an iniquitous stand by supporting the bandits' delegation, Malik walked out of the meeting in indignation.

"The above fact," continued the editorial, "once more proves that our mighty, friendly socialist friend, the Soviet Union, is forever unequivocally ranged on the side of international righteousness, and that the countries of the imperialistic bloc, including the overt imperialists and the camouflaged ones, are committed to a course of iniquity and injustice."

* * *

THE *Wen Hui Pao* of January 15, discussing the same subject, termed developments at the UN Security Council a "farce"

The paper said that this action has shown "the hideousness of American imperialism as well as the utter helplessness of the lackeys of the American and English imperialists.

"Today, the reactionary regime established under the sole protection of American imperialism has been completely driven out of continental China. When even a number of capitalist countries, on recognizing the fact that this reactionary regime for a long time much hated by the Chinese people will soon disappear from the face of the earth, have severed their relations with the bandits, American imperialism remains the only country still holding up the dead puppet and exhibiting it as a show piece before the world."

On England's position at the UN Security Council session the editorial comments: "As matters stand, the position of England is most distressing. After she has already requested the establishment of diplomatic relations with the People's Republic of China, and after having already severed her relations with the KMT reactionary regime, it is indeed the greatest of absurdities for her delegate in the Security Council to follow the lead of America in allowing T. F. Tsiang to remain in the meeting."

* * *

IN a long editorial analyzing the "Contradictions and Unity Between England and America" the *Ta Kung Pao* of January 14, discussed the economic conflicts between the two nations, the failure of the Marshall Plan, the economic conflicts in Europe and America's tightening hold over England. In the Far East, the paper said the contradictions are most glaring. "In Indonesia, for example, both the British and Dutch have lost their pre-war position of superiority, while American imperialism is in possession of colossal oil and rubber interests, its investments having risen from the pre-war level of less than 10 percent to the present one of 40 percent." In India from 1939 to 1948 British exports increased by 400 percent whereas America exports increased by 700 percent. "In Malaya, during the years 1939 to 1948, British exports to that country increased by less than 300 percent, whereas American exports increased by 800 percent." In Japan too there are conflicts.

The paper pointed out that in spite of contradictions between the two powers, there are many points of unity. "They are, for example agreed and united in their efforts against democracy, against the revolution, in undermining peace, and in preparing for war. Within their respective countries, they are both anti-popular, oppressive against the people's democratic rights, and attacking the living standards of the people. In the international field, particularly in the Far East, England and America both continue their attempts to suppress positively the various national liberation movements. Their differences are not caused by divergency of principle, but are only minor differences in short-term strategy. There is need, therefore, for vigilance on the part of those who work for national liberation and people who uphold peace."

Ta Kung Pao:

Sino-British Diplomatic Relations

WRITING in *Ta Kung Pao* of January 17, Professor Hsiao Chien examines the nature of Sino-British relations and the reasons underlying Britain's recent recognition of New China. The attitude of Downing Street, he declares, is clearly one of acceptance of the inevitable, allied with the anxiety about British 'commercial interests.' For the preservation of these 'interests,' Professor Hsiao comments, Foreign Secretary Bevin thinks the maintenance of relations with China essential. "There is no Chiang Kai-shek to recognize. . . The Rubicon has been crossed . . . Chiang Kai-shek's value has fallen to zero point on the markets of western capitalism." It is the People's China or none.

This attitude, he observes, is basically different from that of the Soviet Union, which welcomed the birth of the New China with congratulations and requests for immediate recognition between two friendly countries. But he says it must be clearly recognized that the British Labor Government has, for the last four years, followed the lead of American imperialism, and "assumed an openly hostile attitude towards the democratic camp. In dealing with the liberation movements in the colonies, it has further moved its armies in all-out efforts at suppression. Between the old and the new, between the progressive and the decadent in China, the choice of Downing Street has never been camouflaged. In a word, Labor Britain is anti-Communist."

Preceding, as it has, American recognition, and following a series of British-American meetings at which the desire for joint action was publicly expressed, recognition by Britain at this juncture may appear inconsistent, says the writer. The apparent contradiction is explained by the fact that while Britain is on the one hand relying on the Marshall Plan of her wealthy relative to tide over her immediate difficulties, she cannot, at the same time, afford to lose opportunities "to make a little here and there elsewhere." But basically, he says, the motive is one of political strategy. "Despite differences of opinion between London and Washington over short term strategy, the two countries are at one in their long term objective of checking the current of communism in Southeast Asia—and the prerequisite of this objective is the prevention of Communist influence from China. Even while British representatives for the establishment of relations with China are on their way to Peking, the Colombo anti-Communist conference directed by Bevin is in session. This shows clearly that Britain seeks to use the establishment of diplomatic relations as means to undermine the development of socialism."

Professor Hsiao then proceeds to distinguish between "the British people" and "Downing Street." "The friendship between the Chinese and the British people has always been close," he says. "When Foreign Secretary Simon was defending Japanese atrocities before the League of Nations at Geneva, the wharf workers at Liverpool were staging a boycott of Japanese ships."

Professor Hsiao warns "Downing Street" of the danger of misinterpretation of the nature of the New China with whom official relations have been set up. He points to the breach in Anglo-Soviet relations in 1927, caused by misunderstanding of the nature of the socialist revolution in Russia. At this time, British capitalists, seeking unrestricted private trade and exploitation of hitherto unexplored resources for their own benefit, "went home, rather downhearted."

Downing Street, he writes, in order to prevent a repetition of history, must "take a proper perspective of the new realities in the China situation today." The advice of "sinologues" at hand, who do not understand the basic change being effected, cannot be relied upon. "These realities," the professor states, "tell us that New China is anti-feudalistic, and that she is no longer the China of Confucius, no longer the China of the foreign returned students, no longer the China of the landowners. She is a China under the leadership of Marxism-Leninism, and the doctrine of Mao Tze-tung. Here we cannot find a Tito, nor do we permit the existence of 'democratic individualists.' New China is anti-bureaucratic capitalist. She is no longer the China of the compradores Kung and Soong, no longer the China of the Kiangsu-Chekiang financial magnates. She places the interests of her popular masses above the profits of a minority. She is determinedly opposed to self-seeking and corruption, and will not permit private monopolies. More important still this New China is anti-imperialist. Within the country she does not permit foreign nationals to enjoy any special rights which are against the principle of equality. Internationally, she will determinedly take a stand against the exploitation of the weak by the strong, of the weak by the powerful.

"This New China is at the same time a supporter of peace. She opposes the use of the atomic bomb, or regional alliances as a threat to the peace loving countries, or the use of news broadcasts for the instigation of war. The future of Sino-British relations will, therefore, solely depend upon Britain's interpretation and acceptanee of the realities of New China."

said on January 20 that it would be "very difficult" to keep his country from "falling into Communist hands" if American economic aid were stopped.

The Truman Administration will make another attempt to get the US$60,000,000 aid bill through Congress, it was reported in Washington on January 20.

* * *

British General Election

KING George VI, at Sandringham, January 21, signed a proclamation postponing the opening of Parliament, originally fixed for January 24, to a date after February 3, when the present Parliament will be dissolved.

This means that in accordance with government plans Parliament will not meet again before the general election on February 23.

The post election reassembly is fixed for March 1, and the State opening by the King for March 6.

* * *

THE Labor Party will aim at higher production with full employment if it is returned to power in next month's General Election. This was the policy announced in an election manifesto by the British Labor Party under the heading, "Let us win together."

The manifesto stated that Labor's policy during the last five years had enabled the British people to make a better recovery than after the last world war, and that any other policy by the Conservatives would lead to mass unemployment.

On domestic policy the manifesto said that Labor, if successful at the election, would complete the nationalization of the steel industry and would nationalize beet sugar manufacture and sugar refining.

In the international field, Labor would strengthen associations with the Commonwealth, the Atlantic Pact and Western European countries.

* * *

BRITAIN'S Conservative Party leader, Winston Churchill, broadcasting an election speech on January 21, declared that on the results of the forthcoming general election depended Britain's future as a leading nation and her ability to live decently without foreign aid.

He said: "The choice before us is whether to take another plunge into Socialist regimentation or at a strong effort to regain freedom, initiative and opportunity of British life. I believe that on this decision depends not only our future as a leading nation in world thought and progress, but also our physical ability to maintain our vast population upon decent standards without foreign charity."

Ending his speech, Churchill said that without Marshall aid Britain would have 2,000,000 unemployed. He added: "Great difficulties lie ahead when the consequences of devaluation come home to us and when American aid ends."

LETTERS

(Continued from Page 133)

understand why the delegates from the US were more or less of the color of the capitalist society in their habits.

The conference gave me a concrete example of internationalism. I, myself, could plainly see that the women of the different countries were in the common struggle. All the women at the conference were comrades and friends and sisters who loved each other. This love was expressed especially in the sympathy of the women of the imperialist countries toward the women of the oppressed countries. The Dutch delegate presented the Indonesian delegate with a flag not merely to give her a surprise, but to express love, sympathy and encouragement. "The Indonesian people cannot have real liberty before they have kicked out all kinds of imperialism and their own Indonesian hirelings," she declared. "The sons of the Dutch people are not the enemies of the sons of the Indonesian people. We must together destroy our common foes, the Dutch-American imperialists."

Another moving scene took place between the French and Vietnam delegates. The latter told of her gratitude to the French women who had paid for her trip to Peking, and the French delegate expressed the anger and tears of French women who had opposed their government's sending husbands and sons to fight against the Vietnamese people. The French delegate presented gifts to the Vietnamese delegate and kissed her with all her heart, and the Vietnamese delegate expressed her thanks in a trembling voice and returned the embrace. In their kisses and embraces there flowed such deep love and friendship that the people in the hall were moved to tears, and their tears expressed the true unity and common will of mankind for an ideal which would bring them a better future, liberty and lasting peace.

Because of the conference, I now have confidence that the world peace camp is led by the Soviet Union. Before that, I had thought that perhaps only we people of China owed very much to the Soviet Union. But in the conference, I realized that all the peace-loving people are looking to her. I could not express my feeling when I heard the different languages pouring out greetings to Stalin—Wan Sui, Long Live, Vive la, Hurrah!

I have not mentioned the reports, speeches and resolutions of the conference. I have only described what I saw and felt and thought. Although these things may be very personal, I think that they may help others understand the conference a little more.

FENG SHAO-HUA

Ginling College
Nanking
January 6, 1950

The Week's Business

Market continues to fluctuate during week; uniform interest rates set; business tax collected for third period from increasing number of taxpayers.

THE margin of fluctuations in commodity prices continued to widen and on January 21 the parity deposit unit reached the record high of JMP4,719, an increase of 23.5 percent for the week. As in the previous week, the quotation for rice registered the greatest increase, averaging gains of some 25 percent during the week.

The main cause for the skyrocketing of rice prices was the impact of idle capital on the market. This was reflected in the high market turnover for the week, ranging from an increase of 25 percent in the rice market to 60 percent in the wheat flour market, 20 percent in the edible oil market, 70 percent in the sugar market and around 12 percent in the cotton yarn market. The state trading corporations accounted for the major portion of supplies that were traded in the market. During the week from January 16 to 21, according to figures in the *Giefang Rhbao*, the Shanghai Food Corporation sold more than 127,900 piculs of rice and 56,000 bags of wheat flour, or 100 percent and 60 percent respectively more than during the previous week.

Coordinating with these heavy sales, the East China Food Bureau recently decided to bring 300,000,000 catties of rice to Shanghai from Kiangsu, Chekiang and Anhwei, an amount which should be sufficient for three months' local consumption. It was as a result of the abundant rice supply that the rice prices finally began to level off after January 24, when the market assumed normal tradings.

Money was still easy in the financial market during the week, with the curb interest rate on call loans quoted at around JMP13 per mille per day. Beginning from January 23, the Interest Rate Board started to announce uniform interest rates for short term deposits at all local banks. This step, it is believed, will contribute to the stabilization of commodity prices, since the competition among local banks for short term deposits resulted in their raising interest rates, a practice which indirectly affected loans and commodity prices.

Twenty-seven local private banks were recently warned by the East China Branch of the People's Bank about illegal loan transactions and keeping ghost accounts. Eighteen officials of these banks were ordered to be dismissed and sent to the People's Court for trial, while 28 others were served warning.

Meanwhile, to promote export trade, the Trust Department of the People's Bank, in cooperation with the Foreign Exchange Department of the Bank of China, has recently started to undertake the transportation of goods for export purposes. Among other activities of the banking circles may be mentioned the raising of capital by the Joint Loan Syndicate sponsored by local state and private banks. Of the total of JMP18,000,000,000 to be raised for aiding productive enterprises, some JMP7,000,000,000 has been subscribed by one-third of the member banks of the Syndicate, numbering 50 strong.

The collection of the third period business tax in Shanghai, started on January 3, was successfully concluded last week. According to statistical data compiled by the Shanghai Direct Tax Bureau, the third period business tax yielded some JMP45,000,000,000. The first period business tax came to JMP7,600,000,000, and the second period business tax around JMP14,500,000,000. This steady increase in the amount of tax collected is attributed partly to the hikes in commodity prices, but also indicates that the financial receipts of the People's Government are on the increase.

The number of taxpayers has increased to 71,000 from 31,749 for the first period, while the number of exemptions from tax payment has been reduced to 16,000 from 39,179. Another interesting note in the collection of the tax is that 96 percent of the taxpayers made the payment of tax before the deadline of January 10.

Quotations

Following is a listing of representative commodity prices for the past week:

	Jan. 18 JMP	Jan. 25 JMP
Parity Unit	4,057	4,701
US dollar (note)	20,700	20,700
20's yarn	3,800,000	4,220,000
12-lb. cloth	164,000	180,000
Rice, 1st grade	202,000	240,000
Peanut oil	360,000	425,000
Coal briquette	26,000	26,000

VIETNAM RECOGNITION

To The Editor:

The People's Republic of China has announced its recognition of the Vietnam Democratic Government led by Ho Chi Minh. At a time when the three major imperialist countries of the world—the US, Great Britain and France—are conniving to keep the puppet Bao Dai in office, a puppet who from French press agency reports is without any popular following whatsoever, it is interesting to note China's staunch support of a democratic neighbor.

Since 1945 Ho Chi Minh has been leading the people of Vietnam in a fight for liberation against the forces of imperialism. Today these forces control more than 80 percent of Indo-China and despite the military and economic aid of the imperialists to the French puppets (another rat-hole for Marshall aid), there is no doubt that Ho Chi Minh's forces will win the battle for liberation of the whole country through their own efforts, the efforts of a united people.

The whole of Asia is on the march for liberation. Developments in victorious China, Indo-China (Vietnam), and Korea, have greatly strengthened the forces against imperialism and feudalism throughout Asia. The hold of the imperialists is slipping and will be short-lived.

YEN LI-TZE

Hangchow
January 25, 1950

NOTICE

Beginning with the next (February 4) issue, the price of the Review will be increased to JMP4,000 per copy. Subscription rates, will be revised as shown below:

Shanghai and China Outports
3 months
JMP52,000 including postage
6 months
JMP100,000 including postage
Student rate
3 months
JMP42,000

The Review's English Lesson CXVI

Idiomatic Expressions

THIS week we turn to an editorial in the January 21 issue of the *Review* which discussed the speech made by US Secretary of State Dean Acheson. The editorial quoted an excerpt from the speech, to the effect that the American people had always believed that control of China by a foreign power was contrary to American interests, and pointed out that Mr. Acheson preferred to find the basis of this belief in "spiritual concepts." The editorial found this an inadequate explanation, and stated that, on the contrary, the primary reasons for this attitude were economic, political and military. We quote a few paragraphs from the editorial:

Fearing that the European powers were on the verge of partitioning China, which would have seen this country carved up into colonies, or at best "spheres of influence," or trading preserves of the then great European colonial powers, Secretary of State John Hay acted realistically and in a manner designed to bring the best possible benefit to the United States. He called for the preservation of China as a separate entity in which *all* the foreign trading nations should have equal access to the country's markets.

Likewise, it was this disadvantage in world trade which was largely responsible for America's continual agitation against colonialism. A late-comer as a world power, it was easy for the US to adopt a holier-than-thou attitude toward the older major powers. This, of course, is not to say that the many American missionaries and others who denounced the colonial "system" were hypocrites who spoke with their tongues in their cheeks. Not at all. But the fact remains that America did not enter the world stage until almost all available colonial areas had already been grabbed by older powers.

It might also be noted that the United States frequently was able, especially in its relations with China, to ride into positions of preference on the coat-tails of the British or French, all the while denouncing them as great imperialists. This was usually accomplished via the "most favored nation" clauses in our treaties with China.

While condemning foreign exactions from the Manchu throne, it was the United States, by the treaty of Wanghsia in 1844, which established the principle of extraterritoriality on a legal or formal basis.

The above quoted passage has several idiomatic expressions. It explains that the United States, a late-comer in the Far East, did everything it could to insure its own interests in China. "The European powers" are the states of Europe—chiefly Britain and France, as the most aggressive colonial powers. "On the verge of:" the verge is the edge, as a cliff. Or, one could say "on the brink of." The meaning is, about to, with a suggestion of danger or pressure of events. Thus, "fearing" followed by "on the verge of" is stronger than if it had been followed merely by "about to."

"Partitioning China" is explained by the next phrase, "carved up into colonies." To partition is to make into compartments, as by building walls. The noun partition means an interior wall, often lightly built or temporary. "Carved up" seems well established, although there is no reason for the "up." Thus we also say, "beaten up," "fed up," etc. To carve is to cut with a knife, as to carve chicken at the table. "Spheres of influence" means "areas of influence," a term that uses the word "sphere" in a special sense. A sphere is a geometrical figure, like a ball, globe, etc. In this phrase, it means "area." A trading preserve is an area for trading more or less restricted to the profiteers of one group or nation. (A game preserve: a park or area whose wild life is the exclusive property of the landowner.) "A separate entity:" an entity is a unit, anything that has independent existence; so, the phrase here means an independent nation, or a nation at least not divided into colonies.

"Colonialism" is the whole complex of beliefs, economic considerations, profit-seeking, adventurism, etc., which led to the carving up of the world's "underdeveloped areas" of the past century into colonial empires. "A late-comer" means one who comes late; the United States did not become powerful enough to assert itself until after the world had been divided among the colonial powers. "To adopt a holier-than-thou attitude:" to put on a hypocritical air of virtue, while doing or desiring to do the evil thing one criticizes in others. To speak with tongue in cheek is to speak hypocritically, to profess an idea or attitude while actually believing something else. "Enter the world stage:" to enter into active relations with world powers, as a nation. (Shakespeare: "All the world's a stage. . .") "Colonial areas had already been grabbed:" to grab is to take or seize roughly; to snatch or steal.

"To ride into positions of preference on the coat-tails of the British or French:" to ride on somebody's coat-tails is to gain one's ends by using the power or prestige of someone else; to share in the booty taken by another; to play the lackey to another and thus benefit from his position. "Accomplished via:" done by way of, or through. "Via" is usually taken to mean a geographical route or direction, as when addressing a letter, one might write "Via Singapore." "Most favored nation clause:" a clause in a treaty with another country which assures the first country the advantages and benefits given any third country. Thus, treaties between the United States and China assured the former, by this clause, automatic enjoyment of any rights or privileges that China might grant to Britain, France or any other country.

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